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Approved For Release 2003/01/29 : CIA-RDP79T00975A002380470001-3

25X1

26 October 1957

Copy No. 138

**CURRENT
INTELLIGENCE
BULLETIN**

DOCUMENT NO.

NO CHANGE IN CLASS.

11 DECLASSIFIED

CLASS. CHANGED TO: TS S C

NEXT REVIEW DATE:

AUTH: HR-70-2

DATE 1-4-90

REVIEWER:

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**OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY**

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DOS
review(s)
completed.

DIA review(s) completed.

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1. MARSHAL ZHUKOV REITERATES USSR'S READINESS TO ACT IF TURKEY INVADES SYRIA

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Soviet Defense Minister Zhukov declared in a speech in Tirana on 24 October: "We are ready to strike with determination at any military adventures near our southern borders. In regard to this we have resolutely warned the Turkish government." He added that the USSR "has made appropriate and authoritative declarations that if war is declared on Syria, the Soviet Union will not remain with its hands folded."

Zhukov's allusion to "appropriate and authoritative declarations" apparently refers to Gromyko's 16 October offer of Soviet forces to take part in UN action against Turkey should that country invade Syria, and a similar declaration by TASS on 18 October.

Zhukov told another Albanian audience, on 21 October, "The imperialists are trying to unleash another war but, if necessary, we can strike an even stronger blow and according to an even wider plan."

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2. SAUDI-TURKISH TALKS

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The talks between King Saud and Turkish Minister of State Zorlu appear to have established cordial contact between the two governments. Saud probably now feels somewhat closer to his objective of parrying intervention in Syria. However, the Turkish assurance, expressed in the joint Saudi-Turkish communique, that Ankara harbors "a firm desire to safeguard the independence, territorial security, and national sovereignty of Syria," could be read as a justification of Turkish intervention to keep Syria out of the status of a dependent Soviet satellite.

King Saud told Ambassador Wadsworth on 25 October that he believed the United States should leave to Turkey the task of exposing the Soviet role in Syria. He suggested Ankara could say it has massed troops on the frontier for this "very cogent" reason.

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3. EGYPTIAN REINFORCEMENT OF SINAI REPORTED

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Egyptian forces in unspecified numbers, but described as "large," are reported to have moved into the Sinai area approximately one week ago,

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area by the attaché on 19 October. These units have not been noted in other areas of Egypt, and it seems unlikely that they have gone to Syria.

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Last spring Egypt moved about 8,450 men into the Sinai Peninsula where they were deployed defensively near key communication centers, and also served to control the population. Deployment and supply of a larger force in Sinai now is possible as a result of the virtual completion of major repairs to the roads, most of which were destroyed by the Israelis during the 1956 hostilities. Repair of the coastal and central routes restores highway access to the Egyptian-Israeli border and eliminates the buffer zone that existed while the roads were in disrepair. Egypt had about 25,000 troops in Sinai at the time of the Israeli attack in late October 1956.

Reintroduction of major Egyptian forces into Sinai would be facilitated by international preoccupation with developments in Syria. Prime Minister Ben-Gurion has indicated in connection with other Arab-Israeli problems that his government does not wish to complicate further the present situation.

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4. THE SITUATION IN GUATEMALA

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The military junta which took over in Guatemala early on 24 October may not be able to retain power long. Strikes and demonstrations by followers of presidential aspirant Ydigoras Fuentes continue, and the junta, which seeks to appear politically neutral, is weakened by factionalism in the army. Violence may ensue.

The junta, supported by many anti-Ydigoras officers,

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is angered by what it interpreted as an ultimatum from Ydigoras after both sides had tentatively agreed on a political compromise proposed by congressional mediators. Guillermo Flores Avendano, constitutional successor to ousted interim president Gonzalez, was to be named interim president until new elections could be held on 24 November.

Ydigoras seems to feel that things are going his way and that by continued pressure he can become president. He would probably win any new elections, but apparently prefers to have the 20 October votes recounted to show that he has already been elected. He feels confident that important army leaders are on his side, and his supporters are demanding the resignation of Colonel Oscar Mendoza, president of the junta, whom they regard as a remnant of the ousted regime.

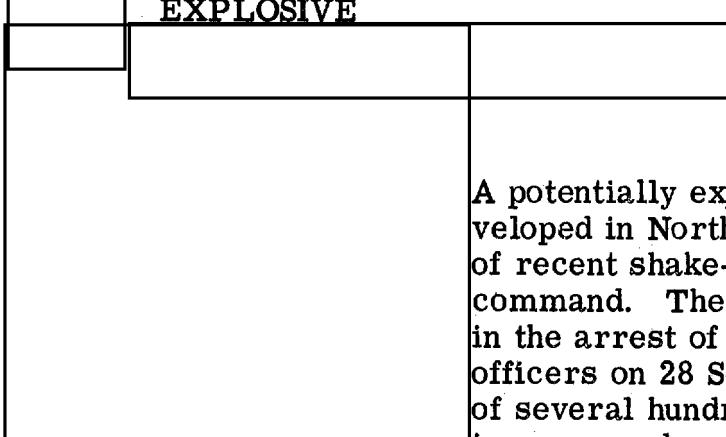
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25X1A6. NORTH SUMATRAN SITUATION POTENTIALLY
EXPLOSIVE



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A potentially explosive situation has developed in North Sumatra as the result of recent shake-ups in the local army command. The tension has its origins in the arrest of several pro-Communist officers on 28 September and the disarming of several hundred Communist-led civilians, on orders of Lt. Col. Gintings, the government's commander in North Sumatra. The pro-Communists, in an effort to recoup their lost influence, reportedly sent troops on 19 October to kidnap Gintings, who fled. The pro-Communists subsequently relieved several of Gintings' staff officers, and replaced them with officers of their own choosing.

Army Chief of Staff Nasution has complicated the situation by announcing that Gintings, despite his flight, remains in command of the area. Nasution, has, however, confirmed pro-Communist officers of Javanese origin as replacements for the deposed subordinates on Gintings' staff. The officers who were removed are believed to have sympathized with the Sumatran autonomy movement.

Nasution, apparently to bolster his own position and that of the central government in the last Sumatran area loyal to Djakarta, dispatched several hundred Javanese troops to the Medan area who arrived on 22 October. [redacted]

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7. YUGOSLAV-SOVIET TRADE TALKS COMMENCING IN BELGRADE

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Soviet representatives left Moscow for Belgrade on 25 October to open negotiations for a 1958 trade agreement. For political reasons the USSR probably will seek to increase trade above the \$110,000,000 level scheduled for 1957. Despite a Yugoslav denial, reports from Belgrade hold that the new Soviet ambassador--as a prelude to the trade talks--informed the Yugoslavs that the USSR is prepared to compensate for any suspension or reduction of US economic and military aid as a result of Belgrade's recognition of East Germany.

The Yugoslavs have in the past attempted to influence US aid policies by alluding to increased assistance from the East. Belgrade does not wish, however, to become entirely dependent on bloc economic assistance. The USSR temporarily postponed a \$250,000,000 development credit because of political differences between Moscow and Belgrade which followed the Hungarian revolt last year.

The Yugoslavs and the East Germans have recently agreed upon a total trade exchange of \$49,800,000 for 1958, an approximate \$30,000,000 increase over 1957. Although it is unlikely that trade will reach this high level, the agreement was concluded in part to assure Yugoslavia that the bloc was ready to take up any slack that might develop in Yugoslav trade with the West as a result of Belgrade's recognition of East Germany.

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8. POLISH PARTY CONGRESS POSTPONED

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Gomulka's statement before the Polish party central committee on 24 October that the party congress he had expected to call in December must be postponed indefinitely indicates that he has not been able to stabilize and unify the party. He indicated that the delay resulted primarily from continuing factionalism and apathy which had made it impossible for the party to establish full control of the country.

Gomulka indicated that as a remedy the party membership should perhaps be cut in half, and defined three groups which must be removed. Without specific reference to Stalinists, he said "dogmatists" furnished a breeding ground which had favored the growth of extreme liberalists. Both of these groups must be removed, he said, because they sabotage the decisions of party authorities. A third group "of considerable size" to be eliminated comprises those members who joined only in self-interest and are indifferent to communism.

Gomulka confirmed the "broad democratic liberties" and "national and individual freedoms" granted since his rise to power, promising no return to the restraints of the previous period. He specifically assured the press of its continued privilege of criticism as long as it was constructive. He warned, however, that the party would tolerate neither criticism aimed against socialism nor expression of anti-Soviet attitudes.

Gomulka's frank public admissions may gain him precisely the active popular support he needs. His statements may be considered by the non-Communist Polish population as a promise to get rid of the party hacks they regard as symbols of the evil of communism. Inside the party, this speech may serve as a shock treatment, stimulating more active efforts on behalf of the regime's policies, particularly those designed to improve the sagging economy.

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9. USSR APPLIES ECONOMIC PRESSURE TO FINLAND

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The USSR has postponed until further notice commercial talks with Finland scheduled to begin in Helsinki on 28 October. The purpose of Soviet-Finnish negotiations is to draw up the 1958 trade agreement, which will constitute about 15 percent of Finland's total trade. Any delay in its implementation would be a severe blow to the country's unstable economy.

The postponement is regarded by the Finns as a Soviet reaction to the 23 October announcement that Social Democratic chairman Vaino Tanner had accepted a bid to form a government to replace Premier Sukselainen's minority government which resigned last week. Tanner, a long-standing target of Soviet attacks, was minister of foreign affairs during the 1939-40 war against the USSR and, on Soviet insistence, was tried by the Finnish government after World War II as a "war responsible." Prior to the April Social Democratic congress, Soviet Ambassador to Finland Lebedev had warned of a less "friendly and frank" policy toward Finland should Tanner be chosen party chairman. Moscow Radio on 24 October called Tanner a "war criminal" seeking to achieve power in Finland.

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10. FRENCH POLITICAL CRISIS

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Although Popular Republican leaders have agreed to participate in a Mollet government, the decision was taken by a narrow majority and they may not be able to control their backbenchers in the investiture vote expected on 28 October. Many are fearful of alienating the Independents, who will not announce their position until after Mollet's investiture speech.

Independent sources estimate that from 40 to 66 of the 98 Independent deputies will vote against the Socialist leader. Mollet's reported decision to base his economic policy on the findings of government experts rather than on the Socialist program, however, may mollify conservative fears and help Independent leaders to prevail on their more hostile deputies to abstain.

In addition to his 100 Socialists, Mollet has reportedly lined up about 65 sure votes from the center and right, not counting either the Independents or the Popular Republicans. In view of scattered center opposition, he will need some Independent support to avoid dependence on the Communists. A last-minute decision by the Communists to back him, as they did in January 1956, would apparently make little difference in his future prospects, however, since Popular Republican leader Robert Schuman is believed to have demanded that Mollet ignore Communist support on certain programs as part of the price for his party's support.

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13. NORSTAD STATEMENTS IMPROVE OUTLOOK FOR NATO
MINISTERIAL MEETING

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Prospects for a productive NATO ministerial meeting in December were improved by the favorable initial reaction to General Norstad's discussion on defense planning with the North Atlantic Council on 22 October. The questions asked Norstad reflected the two great concerns of the Western European countries--the balance between conventional and modern weapons and forces, and the possession of nuclear weapons by all NATO members.

General gratification was expressed over a recent NATO military study which related the Soviet ICBM announcement to the necessity for a NATO capability to deal with "less-than-ultimate situations" by "less-than-ultimate means." This acceptance of the possibility of limited war marks a significant change in NATO planning assumptions.

Norstad stated that adequate shield forces are, according to preliminary cost estimates, now considered within country capabilities. He expressed the personal opinion that the atomic weapons requirement might be met by a NATO stockpile arrangement. This approach appeared to have practical appeal to the council representatives. Since a major part of December ministerial meetings are devoted to defense matters, a new and acceptable strategic concept for NATO may figure prominently in the discussions.

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